

# **SUMMARY OF THE STATE OF NEW MEXICO'S AGREEMENT WITH BNSF**

## **THREE PHASES OF THE AGREEMENT**

- The BNSF agreement with the New Mexico Department of Transportation is structured in three phases that involve the purchase of nearly 300-miles of rail line from Belen, N.M., to Trinidad, Colo., for \$75 million.
- Phase One of the agreement, which goes effective Jan. 10, 2006, includes the \$50 million purchase of 51 miles of mainline track between Belen and Bernalillo for commuter rail service.
- Phase Two involves the \$20 million purchase of 48 miles of mainline track between Bernalillo and Lamy, N.M. This agreement will go into effect Jan. 10, 2007.
- Phase Three involves the \$5 million purchase of 200 miles of mainline track between Lamy, N.M., and Trinidad, Colo. This agreement will go into effect Dec. 5, 2008.

## **ADDITIONAL ASPECTS OF THE AGREEMENT**

- NMDOT also signed an agreement with BNSF to buy 13 acres of rail yard property near Downtown Albuquerque for \$1 million. That property will be used to build a maintenance and storage yard for rail cars and locomotives.
- Also included in this transaction are several miles of spur lines, including the spur to the Albuquerque Sunport and the Journal Center, and additional land in Belen, Las Vegas and Raton which will be an economic benefit to those communities.
- In addition to these agreements, the NMDOT and BNSF signed a joint-use agreement that allows BNSF to use of the tracks for its freight operations.

## **LAMY TO TRINIDAD**

- The purchase of the Lamy to Trinidad section of track was part of BNSF's agreement with the state. BNSF wanted to sell the track as a unit.
- New Mexico paid \$5 million to buy this additional 200 miles of track. (The average cost of \$25,000 per mile)
- The future uses for this corridor may include the installation of pipelines, gas lines and fiber optics cables.

## **LAMY TO TRINIDAD MAINTENANCE**

- BNSF will cover the maintenance costs of the line between Lamy and Trinidad for the next three years.

- Once the NMDOT takes ownership of the entire track -- from Belen to Trinidad -- in December 2008, the state's maintenance costs for the line will be covered by user fees.
- The rail line between Belen and Trinidad, which is in excellent condition and is rated a Class 4.

## **INSURANCE**

- The NMDOT, under federal requirement, must obtain a \$200 million insurance policy -- paid out in about \$1.8 million per year in premiums -- for the railroad system. This is a standard policy required by Class 1 Railroads and is consistent with Federal policies that govern AMTRAK.
- The NMDOT will insure the locomotives, rail cars and property for any damages.
- NMDOT has also established an additional insurance account for \$50 million to cover any costs and liabilities not covered by the conventional insurance policy required by federal and state governments.

## **FUNDING**

- The NMDOT has set aside \$300 million from the GRIP transportation initiative for the commuter rail.
- The \$300 million will pay for \$76 million for the purchase of the track and the rail yard property in Downtown Albuquerque and \$50 million for the insurance account.
- The department has already released \$75 million for the purchase of locomotives, rail cars and the construction of train stations for phase one of the project between Belen and Bernalillo.
- The maintenance and insurance costs for Phase One between Belen and Bernalillo will come from the \$10 million a year in federal funding for operational costs.

## **OTHER**

- Building a new track between Belen and the Colorado border would cost over \$4 million per mile -- that translates to about \$1.2 billion. This amount does not include costs for additional land purchase to construct train stations and parking lots.
- Constructing a new track between Belen to Bernalillo through the Albuquerque Metropolitan Area would cost between \$5 million and \$7 million per mile -- or \$250 million to \$350 million. That amount does not include costs for buying land for train stations and parking lots.
- The state will pay less than \$1 million per mile for the right-of-way and track for the Belen to Bernalillo line. That portion of the deal includes additional right-of-way purchases necessary to build all train station platforms.
- Phase Two involves the state's purchase of the track between Bernalillo and Lamy. This portion of the line, which is 48-miles-long, cost \$20 million or

about \$420,000 per mile. A large portion of this section of line will be used to extend commuter rail service to Santa Fe.

- Phase Three involves the \$5 million purchase – nearly \$25,000 per mile -- of the tracks between Lamy and Trinidad, Colo. Federal money could be used for this phase.
- New Mexico taxpayers will not have to pay for the maintenance of the tracks between Lamy and Trinidad. Maintenance costs will be covered by users.
- If the state begins using the Lamy to Trinidad line for up to 12 passenger trains, it would only have to pay for its portion of maintenance costs.